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J. SCOTT ELLIS

November 13, 2000

David Waddell, Executive Secretary Tennessee Regulatory Authority 460 James Robertson Pkwy. Nashville, TN 37243-0505

> Petition of Lynwood Utility Corporation to Change and Increase Rates and Charges, Re:

Docket No. 99-00507

Dear Mr. Waddell:

I have enclosed the original and fourteen copies of the second part of late-filed Exhibit 1 to the recent hearing in this action which is the title insurance policy issued to Lynwood Utility Corporation received on Lot 817 which is the lot securing the promissory note settling the claims of Lynwood against Mr. Terry, Legends Ridge, LLC, and Legends Properties, Inc. Copies are being sent to the Consumer Advocate and Jacob C. Martin. Please return the extra copy of the late-filed Exhibit 1 to me stamped filed. Thank you for your assistance in this matter.

Sincerely yours,

DONALD L. SCHOLES

Jacob C. Martin C: Cynthia Kinser Davis Lamb

BKSJ File No.: 99-215







# Lawyers litle Insurance Orporation

NATIONAL HEADQUARTERS RICHMOND, VIRGINIA

### **EXHIBIT** Late Filed

**Loan Policy Number** 

**135 - 02 -** 691269

### 1992 ALTA Loan Policy

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, LAWYERS TITLE INSURANCE CORPORATION, a Virginia corporation, herein called the Company, insures, as of Date of Policy snown in Schedule A, sustained or incurred by the insured by reasonable A, sustained or incurred by the insured by reasonable by the insured by the insured by reasonable by the insured by the against loss or damage, not exceeding the Amount of Insurance stated Company, insures, as of Date of Policy shown in Schedule A,

olicy; or

- vested other than as stated therein;
- 2. Any defect in or lien or encumbrance on the title;
- 3. Unmarketability of the title;
- 4. Lack of a right of access to and from the lan
- 5. The invalidity or unenforceability of the lien mortgage upon the title;
- The priority of any lien or encumbrance ove insured mortgage;
- 7. Lack of priority of the lien of the insured more statutory lien for services, labor or material: 1 (a) arising from an improvement or work related to the land

The Company will also pay the costs, attorneys' fees and experts incurrent defense of the title or the lien of the insured mortgage, as insured, but only to the extent provided in the Conditions and Stipulations.

### EXCLUSIONS FROM SOVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

- 1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
  - (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- 2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
- 3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) created, suffered, assumed or agreed to by the insured claimant:
  - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
  - (c) resulting in no loss or damage to the insured claimant;
  - (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material); or

- (e) resulting in loss of damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
- 4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.

arising from an improvement or work related to the land

advanced or is obligated to advance;

gnee free and clear of all liens.

which is contracted for or commenced subsequent to Date

proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has

relinvalidity or unenforceability of any assignment of the

ule A to vest title to the insured mortgage in the named insured

Institled mortgage, provided the assignment is shown in Schedule A, or the failure of the assignment shown in Sched-

of Policy and which is financed in whole or in part by

- 5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
- Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
- 7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on;
  - (a) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
  - (b) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
  - (c) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
    - (i) to timely record the instrument of transfer; or
    - (ii) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

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### LAWYERS TITLE INSURANCE CORPORATION

√ashville Branch 424 Church Street, Suite 200 Nashville TN 37219 615-244-0678 615-244-2896 FAX

NATIONAL HEADQUARTERS RICHMOND, VIRGINIA

#### LOAN POLICY

#### LOAN NUMBER

#### SCHEDULE A

CASE NUMBER 47359

DATE OF POLICY

AMOUNT OF INSURANCE

POLICY NUMBER

07/07/00 at 12:04 P.M.

\$138,000.00

135-02-691269

NAME OF INSURED:

Lynwood Utility Corporation, its successors and/or assigns, included in the definition of insured as contained herein, as their interests may appear

- 2. THE ESTATE OR INTEREST REFERRED TO HEREIN IS AT DATE OF POLICY VESTED IN: LEGENDS RIDGE, LLC
- 3. THE ESTATE OF INTEREST IN THE LAND DESCRIBED IN THIS SCHEDULE AND WHICH IS ENCUMBERED BY THE INSURED MORTGAGE IS:

Fee Simple

4. THE MORTGAGE HEREIN REFERRED TO AS THE INSURED MORTGAGE, AND THE ASSIGNMENTS THEREOF, IF ANY, ARE DESCRIBED AS FOLLOWS:

Deed of Trust executed by Legends Ridge, LLC, to Jeffrey R. King, Trustee, dated 06/30/00 and recorded 07/07/00 at 12:04 P.M. in Book 2021, page 394, Register's Office for Williamson County, Tennessee to secure to Lynwood Utility Corporation, the payment of a note in the amount of \$138,000.00.

5. THE LAND REFERRED TO IN THIS POLICY IS DESCRIBED AS FOLLOWS:

Land in Williamson County, Tennessee, Being Lot No. 817 on the Plan of Section Eight, Legends Ridge, as shown on Plat of record in Plat Book 28, page 62, Register's Office of Williamson County, Tennessee, to which plat reference is hereby made for a more particular description.

Being a portion of the property conveyed to Legends Ridge, LLC, by Deed of record in Book 1332, page 883, Register's Office of Williamson County, Tennessee.

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## LAWYERS TITLE INSURANCE CORPORATION

Nashville Branch 424 Church Street, Suite 200 Nashville TN 37219 615-244-0678 615-244-2896 FAX

NATIONAL HEADQUARTERS RICHMOND, VIRGINIA

LOAN POLICY

LOAN NUMBER

SCHEDULE B - PART I

CASE NUMBER 47359

DATE OF POLICY 07/07/00 at 12:04 P.M.

POLICY NUMBER 135-02-691269

This policy does not insure against loss or damage by reason of the following:

- 1. Taxes for the year 2000, a lien, which are not yet due and payable. Tax Parcel No. 37G-G-4.
- If improvements are completed after January 1 of any year, the Law requires supplemental assessment for the year in which improvements are completed as defined by Statute. The Company assumes no liability for taxes assessed by correction pursuant to the provisions of TCA 67-5-603, et seq.
- 3. ALL matters shown on Plat recorded in Book 28, page 62.
- 4. Covenants, conditions, restrictions, reservations, easements, liens for assessments, options, powers of attorney, and limitations on title set forth in restrictions recorded in Book 1411, page 405, as amended by First Amendment to Declaration of Covenants, Conditions and Restrictions recorded in Book 2021, page 288, and in any allied instrument(s) referred to in said restrictions.
- 5. By-Laws of Legends Ridge Homeowners Association, Inc., recorded in Book 1411, page 441, as amended by First Amendment to By-Laws of Legends Ridge Homeowners Association, Inc., of record in Book 1940, page 910.

Steven Z. Thest
Countersignature Authorized Officer or Agent

LAWYERS TITLE INSURANCE CORPORATION

Issued at Nashville, Tennessee

This policy is invalid unless the cover sheet and Schedule "B" are attached.